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#### SUMMARY

#### GENERAL

Uruguayan official sees possibility of break with Czechoslovakia (page 3).

## SOVIET UNION

2.

3.3(h)(2)

Comment on Soviet attack on Israeli leaders (page 4). 3.

## FAR EAST

Chinese Communists reportedly planning a February offensive 4. (page 4).

## SOUTHEAST ASIA

- 5. Viet Minh use of river mines threatens French naval support in Tonkin (page 5).
- Clash between Durmese Army and Chinese Nationalists reported 6. (page 6).

#### NEAR EAST - AFRICA

Mossadeq insists he cannot prevent oil sales to Soviet bloc (page 6). 7.

#### EASTERN EUROPE

8. Purge predicted in Hungary (page 7).

## WESTERN EUROPE

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9. French diplomats see need for increased Western unity (page 8).

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# **GENERAL**

Comment: The Uruguayan citizens involved had been outspokenly disillusioned by conditions discovered on a trip to Czechoslovakia.  Czechoslovakia has accredited only two diplomats to Montevideo but has shown considerable interest in trade. The USSR also has representation in Uruguay and Orbit countries maintain missions in Argentina, Brazil, Ecuador and Mexico.  SOVIET UNION		A break in Uruguayan-Czech relations may result from the Uruguayan Foreign Minister's virtual ultimatum on 10 Janu- ary that two Uruguayan citizens of Czech	3.3(h)(2
this states that the Uruguayan Government considers the Czech mission in Montevideo "extremely dangerous from the subversive point of view."  Comment: The Uruguayan citizens involved had been outspokenly disillusioned by conditions discovered on a trip to Czechoslovakia.  Czechoslovakia has accredited only two diplomats to Montevideo but has shown considerable interest in trade. The USSR also has representation in Uruguay and Orbit countries maintain missions in Argentina, Brazil, Ecuador and Mexico.  SOVIET UNION			
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		COMPRESSION	
		SOVIET UNION	3.3(h



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## FAR EAST

0	Chinese Communists reportedly planning a February offensive:
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	3.3(h)(2)
The objectives of this offensive are to capture Seoul and to demonstrate to Asian countries that the Communists hold the initiative in Asia.	
Comment: During recent months the Communists have strengthened both their air and ground forces in Korea and Manchuria and have greatly improved	
their supply position.	3.3(h)(2)
Communist air units presently operating over Korea consist of regular Chinese air divisions and Soviet units of unidentified subordination. They cannot be described as "irregulars."	
Recent reinforcements in the Korea- Manchuria area have included approximately 100 IL-28 twin-	
jet light bombers,	3.3(h)(2)
SOUTHEAST ASIA	
Viet Minh use of river mines threatens French naval support in Tonkin:	
The American Naval Attache in Saigor reports the increasing use of river minds by the Viet Minh in the central delta a of Tonkin. Successful use of this weat could seriously tax the limited French repair facilities at Haiphong.	ines rea pon
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Comment: The Viet Minh have heretofore limited their use of river mines to South Vietnam, where
conditions are more favorable for such warfare. Increasing
success with mines in the north would seriously handicap the
French Navy in maintaining the security of river traffic and
continuing its indispensable support to ground forces.

6.	Clash between	Burmese Arr	ny and	Chinese	<b>Nationalists</b>	reported:

A force of approximately 1,500 Chinese Nationalists, plus an unknown number of Karens, has attacked and almost Burmese Army battalion, This action reportedly

3.3(h)(2)

took place some time prior to 14 January in an area less than 200 miles northeast of Rangoon.

<u>Comment:</u> Chinese Nationalist troops previously have been reported in this region of southern Burma, but not in such large numbers.

In the more than two years of sparring between the Nationalist and Burmese Government forces, this is the largest number of troops said to be involved. This engagement may have prompted the recently reported decision of the Burmese Government to take concerted military action against the Nationalists and retaliatory measures against Chinese residents of Rangoon.

## NEAR EAST - AFRICA

7.	Mossadeq	insists	he cannot	prevent	oil a	sales	to S	oviet	bloc
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Prime Minister Mossadeq told Ambassador Henderson on 19 January that he would not have prevented the Italian

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tanker Miriella from loading oil even if he had known that the shipment was going to Poland. He insisted that the Iranian population was deeply aroused by the Western "conspiracy" to prevent Iran from selling oil and would demand that it be sold "to Stalin himself" if he would buy it.

The Prime Minister contended that if Iran could sell its oil, it would not need American aid. In any event, he hoped that the United States would take a "tolerant, understanding attitude," since it was unlikely that enough Iranian oil would reach the Soviet bloc to affect American security.

Comment: The Miriella reportedly sailed for Genoa on 20 January carrying 5,000 tons of oil. The American Ambassador in Rome reported on 16 January that Italy would make no effort to interfere with the shipment.

## EASTERN EUROPE

## 8. Purge predicted in Hungary:

3.3(h)(2)

Indications of a forthcoming purge in Hungary are accumulating, according to the US Legation in Budapest. It is rumored that Zoltan Vas, head

of the National Planning Office, is under police surveillance, and that Gabor Peter, chief of the security police, and Sandor Nogradi, chief deputy to the Minister of Defense, have been arrested. All are Jews and old-line Communists. The director of the Jewish Hospital in Budapest, who is related by marriage to Vas, is reliably reported to have been arrested on 15 January.

In the opinion of the Legation, Vas' connection with relief payments by the American Joint Distribution Committee also makes his position vulnerable.

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Comment: A high proportion of Hungary's top government officials are veteran Jewish Communists of the type that has been purged recently in Czechoslovakia and Rumania. This fact, combined with Hungary's economic difficulties, makes Hungary ripe for a major purge.

#### WESTERN EUROPE

9.	French	diplomats	see	need	for	increased	Western	unity:

3.3(h)(2)

At a 16 January conference of French Premier Mayer and his principal ambassadors, there was "unanimous and wholehearted

agreement" on the need to push forward all projects for European unity and to strengthen NATO's effectiveness, according to a Foreign Ministry participant. Louis Joxe, Ambassador to Moscow, made a "deep impression" by arguing that greater strength and unity with the other Western nations are the only basis for a settlement with the USSR.

Mayer expressed confidence that he had broken Gaullist opposition to the EDC treaty and that 50 of the 85 orthodox Gaullists would vote for it.

Comment: Joxe had reportedly been the object of Russian feelers for a separate Franco-Soviet understanding, and there had been some reason to believe that he might be sympathetic to such a move.

Even with substantial Gaullist support, the EDC treaty can be expected to meet opposition from non-Gaullist elements within the French Government coalition, particularly as a result of Herriot's influence in Mayer's own Radical Socialist Party. Furthermore, Socialist leader Guy Mollet has just retracted the qualified support he had been giving the treaty for almost a year.

